

ENERGY PERFORMANCE CONTRACTING

What is Energy Performance Contracting (EPC)?

EPC is an innovative way for the public sector entities to obtain and finance needed capital energy projects for their facilities. Essentially, EPC is the acquisition of comprehensive capital energy improvements (e.g., lighting, HVAC equipment, controls, etc.) and service provided by qualified Energy Service Companies (ESCOs) where the energy and cost savings achieved by the installed energy project will cover the cost, including financing. Contract terms are a maximum of ten years.

What is the Performance Contracting Program?

The Alabama Department of Economic and Community Affairs-Science, Technology and Energy Division (ADECA-STE Division) will serve as an advocate for introducing energy performance contracting agreements (guaranteed energy and cost savings contracts) as a means to reduce energy consumption and cost for all of Alabama's governmental units. The program is a marketing endeavor to provide the latest information available to obtain and finance large capital energy improvement projects for K-12 schools, universities, colleges, state agencies and local governments with limited maintenance budgets.

What are the Benefits of Performance Contracting?

- Energy and cost savings of the project are guaranteed for all project costs for the life of the contract
- Replace aging equipment with energy-efficient equipment
- Decrease equipment repairs and lower maintenance costs
- Improved facility energy efficiency and reduced energy costs
- Up-to-date training and knowledge of facility staff
- Increased productivity from improved indoor air quality (IAQ) and building comfort conditions
- One contract for project performance and accountability
- Ability to select equipment and services based upon quality and value rather than first cost
- Projects are repaid from utility bill savings
- Guaranteed financial savings for the term of the contract

What Retrofits are Eligible?

- Lighting
- HVAC equipment
- Energy recovery system
- Electric system improvement
- Load management devices
- Energy Management System
- Alternative/renewable energy systems
- Boiler and Central Plant improvement
- Insulation and reduced air infiltration
- Other cost effective retrofits, demand or rate-based

Who is Eligible?

All state agencies, public nonprofit hospitals, colleges, universities, technical schools, and local governments, in accordance with the "Guaranteed Energy Cost Savings Act" No. 98-663.

How Can Institutions Participate?

Alabama law requires agencies to use a Request for Proposal (RFP) for the procurement of energy performance contracts. The RFP is used to solicit and invite the submission of proposals by ESCOs capable of implementing an EPC project in your facility(ies). A sample Model RFP, List of Qualified ESCOs and Sample ESCO Evaluation form can be obtained from the ADECA-STE Division.

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